No. 48685-7-II

IN THE COURT OF APPEALS
OF THE STATE OF WASHINGTON
DIVISION II

CHRISTINA R. BRAGG,

Appellant,

v.

IQ CREDIT UNION,

Respondent.

CORRECTED REPLY BRIEF OF APPELLANT

Benjamin Gould, WSBA #44093
KELLER ROHRBACK L.L.P.
1201 Third Avenue, Suite 3200
Seattle, WA 98101-3052
Telephone: (206) 623-1900
Facsimile: (206) 623-3384
Attorney for Appellant Christina R. Bragg

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Regulations

Other Authorities

GLOSSARY OF ACRONYMS

CFPB: The <u>C</u>onsumer <u>F</u>inancial <u>P</u>rotection <u>B</u>ureau, the federal agency tasked with implementing the Real Estate Settlement Procedures Act.

GFE: A <u>G</u>ood <u>F</u>aith <u>E</u>stimate, the estimate of settlement costs given to homebuyers ahead of closing on a property.

RESPA: The <u>R</u>eal <u>E</u>state <u>S</u>ettlement <u>P</u>rocedures <u>A</u>ct, 12 U.S.C. §§ 2601–2617, a federal law requiring lenders, mortgage brokers, and servicers of home loans to provide borrowers with certain disclosures about the nature and costs of the real estate settlement process.

INTRODUCTION AND SUMMARY

Congress enacted the Real Estate Settlement Procedures Act (RESPA) to provide borrowers with timely advance disclosure of settlement costs. To ensure disclosure, RESPA requires mortgage lenders and brokers to give borrowers a Good Faith Estimate, or "GFE," in advance of closing on a property. This GFE is meant to provide an estimate of the settlement charges that a borrower is likely to incur at closing. 12 C.F.R. § 1024.2. To enable borrowers to rely on GFEs to shop for the best loan offer, mortgage lenders and brokers normally cannot saddle borrowers with any costs that were not disclosed in a GFE. *See id.* § 1024.7(f). Thus, after providing the borrower with a GFE, the lender or broker cannot give the borrower a revised GFE with higher charges, except in narrowly defined circumstances. *See id.*

This case arises from Defendant IQ Credit Union's insistence that its then-employee, Plaintiff Christina Bragg, give a borrower a revised GFE with higher charges than the initial GFE contained. The initial GFE that IQ gave the borrower did not include a charge for mandatory mortgage insurance. CP 78, ¶ 3. Eight business days after IQ gave this initial GFE to the borrower, IQ discovered that the loan-to-value ratio—

the ratio of the mortgage loan to the value of the mortgaged property[1]—required a mortgage-insurance charge of about $5,000. CP 78–79, ¶¶ 4-5. IQ instructed Bragg to give the borrower a revised GFE that would include this new item of mortgage insurance. CP 78–79, ¶ 5.

After researching RESPA, Bragg concluded that issuing a revised GFE would violate the law. CP 79, ¶ 6. To get another view, Bragg also consulted NW Compliance Group, IQ's outside regulation-consulting firm. CP 79, ¶ 7. NW Compliance Group confirmed that RESPA prohibited IQ from issuing a revised GFE. CP 79, ¶ 7. Accordingly, Bragg declined to issue the revised GFE, and she instructed her staff not to issue it. CP 79, ¶ 9. For this refusal she was fired. CP 79, ¶ 10.

The question here is whether Bragg has made out a prima facie case of wrongful discharge in violation of public policy, so as to survive summary judgment. *See Rose v. Anderson Hay & Grain Co.*, 184 Wn.2d 268, 287–88, 358 P.3d 1139 (2015) (noting that a prima facie case of wrongful discharge against public policy will survive summary judgment).

At issue in this appeal are two elements of Bragg's prima facie case: the "clarity" and "jeopardy" elements. The first element asks whether "clear public policy" prohibited IQ from issuing the revised GFE.

---

[1] Marshall W. Dennis & Michael J. Robertson, *Residential Mortgage Lending* 118 (4th ed. 1995).

Gardner v. Loomis Armored Inc., 128 Wn.2d 931, 941, 913 P.2d 377 (1996). The second asks whether firing Bragg for refusing to issue the revised GFE "jeopardize[d]" that public policy. *Id.* Bragg has satisfied both elements.

Clear public policy prohibited IQ from issuing the revised GFE. IQ told Bragg that the initial GFE's failure to disclose the mandatory mortgage insurance constituted "changed circumstances" under RESPA, and so justified issuing the revised GFE. But RESPA requires a lender to issue a revised GFE "within 3 business days of receiving information sufficient to establish changed circumstances." 12 C.F.R. § 1024.7(f)(1). And by the time IQ decided to issue a revised GFE, it was too late: more than three business days had passed since IQ had created the initial GFE from which the mandatory mortgage insurance was missing. Thus, even if that initial GFE was "information sufficient to established changed circumstances," IQ had possessed—i.e., had "received"—that GFE for more than three business days before it realized that it had not disclosed the mandatory mortgage insurance. For that reason alone, issuing a revised GFE violated RESPA.

Nor can mere failure to disclose mandatory mortgage insurance qualify as a "changed circumstance," thus permitting IQ to issue a revised GFE. Under RESPA, "changed circumstances" include information "*that* *was relied on* in providing the GFE and that . . . is found to be inaccurate after the GFE has been provided." 12 C.F.R. § 1024.2 (emphasis added). This definition, however, refers to information *outside* the GFE; one cannot rely on a document that does not yet exist in order to provide that very document. Because IQ points to a missing item of costs *inside* the GFE, IQ could not have relied on it in providing the initial GFE. And while "changed circumstances" can also include "[n]ew information . . . that was not relied on in providing the GFE," *id.*, the missing mortgage insurance was not new. It had been missing ever since IQ had issued the initial GFE. For this reason, too, clear public policy prohibited IQ from issuing the revised GFE. Fundamentally, there were no "changed circumstances" here because nothing had actually *changed.* IQ had just made a mistake.

Bragg has also satisfied the jeopardy element of her claim. By firing her for refusing to violate RESPA, IQ put the policies of RESPA in jeopardy. *See Rose*, 184 Wn.2d at 287 (an employee "fired for refusing to commit an illegal act" has established the jeopardy element). IQ advances several excuses for ordering that violation and then firing Bragg for refusing to obey its unlawful order, but these excuses do not stand up to scrutiny.

For these reasons and the others discussed below, the trial court's judgment should be reversed and this case remanded for further proceedings.

ARGUMENT IN REPLY

The claim of wrongful discharge against public policy has four elements: (1) "the existence of a clear public policy (the *clarity* element)"; (2) "discouraging the conduct in which [the employee] engaged would jeopardize the public policy (the *jeopardy* element)"; (3) "the public-policy-linked conduct caused the dismissal (the *causation* element)"; and (4) the lack of "an overriding justification for the dismissal (the *absence of justification element*)." *Gardner*, 128 Wn.2d at 941. To make a prima facie case, the employee must prove the first three elements, after which the burden shifts the employer to prove the fourth element. *See Rose*, 184 Wn.2d at 275, 287.

On appeal, IQ contests only the first and second elements. For that reason, Bragg will first discuss those two elements at length, and then touch briefly on causation, the other element on which she has the burden of proof—an element that is uncontroverted on appeal. Last, Bragg will address a faulty argument that IQ advances about the declaration that Bragg submitted to the trial court.

I. Bragg has established the clarity element of her wrongful-discharge claim because RESPA prohibited IQ from issuing a revised Good Faith Estimate.

IQ does not dispute that if RESPA prohibited it from issuing the new GFE to the customer, there would be a clear public policy here, and the clarity element would be satisfied. And IQ does not dispute this for good reason: The clarity element is satisfied when the "the employer's conduct contravenes the letter or purpose of a constitutional, statutory, or regulatory provision or scheme." *Thompson v. St. Regis Paper Co.*, 102 Wn.2d 219, 232, 685 P.2d 1081 (1984) (citation omitted). To put it differently, if Bragg obeyed RESPA in refusing to issue a new GFE, she has established the clarity element. *Sedlacek v. Hillis*, 145 Wn.2d 379, 386, 36 P.3d 1014 (2001) (noting that in *Thompson*, the court held that the clarity element would be satisfied "if Thompson could prove that his dismissal was a result of his compliance with" a federal statute).

Below, Bragg sets out the relevant provisions of RESPA, and then explains why issuing a new GFE to the borrower in these circumstances violated those provisions.

A. The relevant provisions of RESPA

Congress enacted RESPA to regulate the residential real estate settlement process. RESPA is intended to ensure that prospective homebuyers receive "greater and more timely information on the nature and costs of the settlement process." 12 U.S.C. § 2601(a). To this end, RESPA requires mortgage lenders or brokers to give borrowers certain advance disclosures about settlement costs.

The most important advance disclosure that RESPA requires is the Good Faith Estimate, or GFE, which is a "good faith estimate of the amount or range of charges for specific settlement services." 12 U.S.C. § 2604(c). To "encourage comparison shopping by informed consumers," the GFE is meant to be a document "that consumers can rely on." Rule to Simplify and Improve the Process of Obtaining Mortgages and Reduce Consumer Settlement Costs, 73 Fed. Reg. 68,204, 68,238 (Nov. 17, 2008).

The Consumer Financial Protection Bureau (CFPB) has the power to prescribe regulations governing this Good Faith Estimate. *See* 12 U.S.C. § 2604(c); *see also id.* § 2617(a) (authorizing the CFPB "to prescribe such rules and regulations . . . as may be necessary to achieve the purposes" of RESPA). The CFPB has issued a detailed regulation governing GFEs.

The regulation provides that a GFE must itemize the charges a borrower is likely to incur at settlement. *See id.* § 1024.2 (defining "GFE"). A mortgage lender or broker must provide the borrower with a GFE no later than three business days after receiving the borrower's application. *See* 12 C.F.R. § 1024.7(b)(1).

To promote consumer reliance on GFEs, the regulation also provides that the settlement charges listed on the GFE are generally binding on the lender, within certain tolerances. *See id.* § 1024.7(f). For lender-required services, including any mandatory mortgage insurance that may be charged at settlement, the charges at settlement cannot exceed by greater than 10% the charges listed on the GFE. *See id.* § 1024.7(e)(2).

The regulation does include an exception to the rule that settlement charges listed on the GFE are binding on the lender. It provides that "[i]f changed circumstances result in increased costs for any settlement services such that the charges at settlement would exceed the tolerances for those charges," a revised GFE may be provided to the borrower. *Id.* § 1024.7(f)(1). But this revised GFE must be provided promptly to the borrower—namely, "within 3 business days of receiving information sufficient to establish changed circumstances." *Id.*

The regulation also defines the "changed circumstances" that permit the lender to issue a revised GFE. "Changed circumstances," within the meaning of the regulation, refers to four categories of events only:

> (i) Acts of God, war, disaster, or other emergency;
>
> (ii) Information particular to the borrower or transaction that was relied on in providing the GFE and that changes or is found to be inaccurate after the GFE has been provided. This may include information about the credit quality of the borrower, the amount of the loan, the estimated value of the

> property, or any other information that was used in providing the GFE;
>
> (iii) New information particular to the borrower or transaction that was not relied on in providing the GFE; or
>
> (iv) Other circumstances that are particular to the borrower or transaction, including boundary disputes, the need for flood insurance, or environmental problems.

Id. § 1024.2.

The regulation also defines what "changed circumstances" do *not* include. Among other things, they do not include "an estimate of the value of the property, [or] the mortgage loan amount sought, . . . unless the information changes or is found to be inaccurate after the GFE has been provided." *Id.*

B. *RESPA prohibited IQ from issuing a revised Good Faith Estimate.*

What IQ fired Bragg for refusing to do—namely, issuing a revised GFE—violated RESPA in two independently sufficient ways. First, it was too late for IQ to issue a revised GFE. Second, there were no "changed circumstances" permitting IQ to issue a revised GFE in the first place.

1. *RESPA prohibited IQ from issuing a revised GFE more than three business days after it had received information constituting "changed circumstances."*

Bragg has testified that eight business days after IQ issued the GFE, "it was discovered [that] the loan to value percentages required mortgage insurance, thereby changing the settlement charges reflected on the [first] GFE."[2] CP 78, ¶ 4. At that point, it was too late to issue a revised GFE.

RESPA requires a revised GFE to be issued "within 3 business days of receiving information sufficient to establish changed circumstances." 12 C.F.R. § 1024.7(f)(1). Here, according to IQ, the information that established changed circumstances was the initial GFE's "fail[ure] to accurately list mandatory mortgage insurance." Br. of Resp't 7–8. IQ had received that information—that is, had actually possessed that information—at least since it had provided a copy of the initial GFE to the borrower. And it provided that copy to the borrower eight business days before consciously realizing that it should have disclosed the mandatory mortgage insurance in the initial GFE. CP 78, ¶¶ 3–4. At that point, it was too late under RESPA to issue a revised GFE, because more than three business days had passed.

Under RESPA, it is irrelevant when IQ consciously realized that the initial GFE had not disclosed the mandatory mortgage insurance. RESPA's three-business-day clock for issuing a revised GFE begins

[2] This discovery, Bragg has testified, was made on August 5, 2014. CP 78, ¶ 4. The first GFE had been issued eight business days earlier, on July 24, 2014. CP 78, ¶ 3. The August 5, 2014, discovery date that Bragg gives in her declaration differs from the date given in the declaration that IQ has submitted, *see* CP 62, ¶ 6, but on summary judgment, this dispute must be resolved in Bragg's favor. *See, e.g.*, *Linth v. Gay*, 190 Wn. App. 331, 336, 360 P.3d 844 (2015) (on summary judgment, courts "resolve all factual disputes and reasonable inferences in favor of the nonmoving party").

running not when IQ realized its mistake, but when IQ actually "*receiv[ed]*" the information that it claims constitutes "changed circumstances." 12 C.F.R. § 1024.7(f)(1) (emphasis added). And here, IQ received that information as soon as it created the initial GFE with the missing mortgage insurance.

Note, moreover, that the parties do not dispute that the "loan to value percentages" themselves, CP 78, ¶ 4, *had not changed* from when the initial GFE was issued.[3] Thus, even if the loan-to-value ratio rather than the missing mortgage insurance itself were conceived to be the "information sufficient to establish changed circumstances," 12 C.F.R. § 1024.7(f)(1), IQ possessed that loan-to-value ratio at least since it had issued the initial GFE eight business days earlier. Again, even if eight business days passed before IQ consciously *realized* that the loan-to-value ratio required mandatory mortgage insurance, what matters under RESPA is that IQ had "receiv[ed]" the loan-to-value information more than "3 business days" earlier. *Id.* For that reason, RESPA prohibited IQ from issuing a revised GFE. Bragg correctly refused to issue that revised GFE.

[3] Not only do the parties not dispute this point, but it is also implicit in Bragg's description of the initial GFE, which, she has testified, "failed to disclose the mandatory mortgage insurance." CP 78, ¶ 3. The mortgage insurance would not have been "mandatory" at the time of the initial GFE unless the loan-to-value ratio *already* required such insurance.

2. *IQ could not issue a revised GFE because it had received no information constituting "changed circumstances."*

Not only was it too late for IQ to issue a revised GFE, but there were also no "changed circumstances" permitting IQ to issue a revised GFE in the first place. Nothing had actually changed since IQ had issued the first GFE; IQ just made a mistake.

IQ relies for "changed circumstances" on the initial GFE's "fail[ure] to accurately list mandatory mortgage insurance." Br. of Resp't 8. This missing mortgage insurance, argues IQ, counted as "information particular to the borrower or transaction that was relied on in providing the GFE" and that was "found to be inaccurate after the GFE ha[d] been provided." 12 C.F.R. § 1024.2 (subsection (1)(ii) under "[c]hanged circumstances"); *see* Br. of Resp't 7–8. As such, IQ concludes, the missing mortgage insurance qualified under RESPA as "changed circumstances."

But IQ's position cannot be squared with the plain language of the regulation, or, for that matter, with common sense. For "information" to be "relied on in providing" a GFE, that information must exist outside the GFE. To provide a document—here, the GFE—by relying on certain information presupposes that that information has independent existence outside the document. Just as one cannot pull oneself up by the bootstraps, one cannot use a document that does not yet exist in order to provide that very document. That is why RESPA uses the term "information . . . relied on in providing the GFE . . . [that] is found to be inaccurate" to refer to real-world information, such as "the credit quality of the borrower," that exists outside the GFE but was used in providing it. 12 C.F.R. § 1024.2. Here, however, the "information" to which IQ is pointing is a missing item of cost solely in the GFE itself. Because that item of information had no existence outside the GFE, it could not have been "relied on" in providing it.[4]

It also makes no sense to say that an item *missing* from the settlement charges listed in the initial GFE was "relied on in providing the GFE." 12 C.F.R. § 1024.2. A charge that does not exist at all cannot be relied upon. IQ had simply "failed to disclose the mandatory mortgage insurance" in the initial GFE. CP 62, ¶ 6. For that reason, too, IQ did not rely on that information in providing the initial GFE.

To be sure, RESPA's definition of "changed circumstances" does include information "that was *not* relied on providing the GFE." 12 C.F.R.

---

[4] While the loan-to-value ratio of the mortgage property *did* exist outside the GFE, the parties do not dispute that that ratio had not changed or been found inaccurate after IQ had issued the initial GFE. *See supra* p. 11. Indeed, for that reason alone, there were no "changed circumstances" here allowing IQ to issue a revised GFE. "Changed circumstances" expressly *exclude* "an estimate of the value of the property" and "the mortgage loan amount sought"—the two elements of a loan-to-value ratio—as long as that information has not changed or is found to be inaccurate. 12 C.F.R. § 1024.2.

§ 1024.2 (emphasis added). Under this definition, though, information *not* relied on can qualify as changed circumstances only if that information is "[n]ew." *Id.* And here, the missing mortgage insurance was not new. When IQ noticed that mandatory mortgage insurance was missing from the initial GFE, that fact was not new—it had been missing ever since the initial GFE was issued. Even if IQ only *noticed* it later, what matters is that it had already possessed the information. And information that a lender has already received cannot be "new" under RESPA. Otherwise, it would make no sense to require lenders to issue a revised GFE within three business days of "*receiving* information sufficient to establish changed circumstances." *Id.* § 1024.7(f)(1). That three-day clock presupposes that the lender had not already possessed the information.

All of these considerations just bolster the common-sense notion that "changed circumstances" require something to have *changed.* And here, nothing had actually changed between IQ's issuance of the first GFE and the day it noticed that mandatory mortgage insurance was missing. IQ had simply made a mistake and "failed to disclose" the insurance. CP 78, ¶ 3.

In addition, it would defeat RESPA's fundamental purposes if any mistake in an initial GFE, however careless, could qualify as a "changed circumstance" and permit a revised GFE. Consumers are meant to be able to rely on GFEs, so that they can shop for the best deal and create a more competitive lending market, thus keeping prices down for all consumers. *See* Rule to Simplify and Improve the Process of Obtaining Mortgages and Reduce Consumer Settlement Costs, 73 Fed. Reg. at 68,238. But if lenders are allowed to issue a revised GFE whenever they commit a mistake in the initial GFE, borrowers will no longer be able to rely on GFEs in shopping for the best prices. What is more, if lenders are allowed to shift the cost of their mistakes onto borrowers, lenders will have no incentive to carefully prepare the initial GFE. Homebuyers will thus be systematically deprived of reliable advance disclosure of settlement costs, contrary to the goals of RESPA.

Regulatory guidance also shows that a lender's mistake in an initial GFE does not qualify as a "changed circumstance." In 2013, the CFPB revised certain RESPA and Truth in Lending Act regulations. As part of these new regulations, the CFPB attempted to make early-disclosure obligations under the Truth in Lending Act closely resemble those that already existed under RESPA. *See* Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z), 78 Fed. Reg. 79,730, 79,829 (Dec. 31, 2013) (noting that these obligations were patterned after 12 C.F.R. § 1024.7(f)). Under these new truth-in-lending regulations—as under the already-existing RESPA regulations—the consumer must be provided with a good faith estimate of certain charges. As under RESPA, the creditor may only issue a revised good faith estimate under certain narrow conditions, including when there are "changed circumstances." *See id.* at 79,830. And the new truth-in-lending regulation adopted a definition of "changed circumstances" that is materially identical to—or at least no narrower than—RESPA's. *See id.* at 79,831 (noting that the new regulation is not meant to "narrow[] the scope of changed circumstances"). Significantly, in promulgating this regulation, the CFPB made clear that errors would *not* qualify as changed circumstances. "[C]reditor errors," the CFPB stated, "*are not legitimate reasons for revising Loan Estimates*." *Id.* (emphasis added).[5] Because this regulation closely mirrors the definition of "changed circumstances" under RESPA, IQ's error was not a legitimate reason for issuing a revised GFE.

Bragg's correct view of the law is also shared by authorities outside the federal government. They too agree that lender mistakes do not qualify as "changed circumstances." *See* Carl. G. Pry, *Is It Possible to Over-Redisclose?*, ABA Bank Compliance, Mar.-Apr. 2014, at 4 ("[N]ot every instance of a fee changing qualifies as a 'changed circumstance.' . . .

[5] Relevant pages from this regulation are included in an Appendix to this Brief.

[C]hanges that should have been known by the lender at the time the original GFE was provided do not qualify. So what happens . . . *if a simple mistake was made and a change just wasn't caught in time?* In these cases *RESPA does not permit the lender to send a revised GFE.*" (emphasis added)) (including in Appendix to this Brief); Michael McQuiggan, *Small-Business Lenders and Loan Officer Compensation*, Mortgage Banking, Sept. 2012, at 18 (arguing that lenders "should be allowed to make price concessions when they make calculation errors or other mistakes in the GFE. Under the current rules, a small business *must simply absorb any costs from a loan officer's error* . . . ." (emphasis added)) (included in Appendix to this Brief).

*　　*　　*　　*

Issuing a revised GFE—the act that Bragg refused to do—violated RESPA in two different and independently sufficient ways. First, it would have been too late to issue a revised GFE, even if there had been "changed circumstances." *See* 12 C.F.R. § 1024.7(f)(1). Second, IQ's failure to disclose mandatory mortgage insurance in the initial GFE does not qualify as "changed circumstances," because no circumstances had actually changed. *See id.* § 1024.2.

II. Bragg has established the jeopardy element of her wrongful-discharge claim because Bragg was fired for refusing to commit an illegal act.

To establish the "jeopardy" element of a discharge-against-public-policy claim, "plaintiffs must show they engaged in particular conduct and the conduct directly relates to the public policy or was necessary for the effective enforcement of the public policy." *Rose*, 184 Wn.2d at 277 (emphasis omitted).

Employees may satisfy the jeopardy element by showing that they were "fired for refusing to commit an illegal act." *Id.* at 287; *see id.* (noting that this is one of the "scenarios" that is "easily resolved" under the case law). Bragg has already explained why the act she refused to commit—issuing a new GFE—was illegal under RESPA. *See supra* Argument in Reply, § I. And Bragg was indeed terminated for refusing to issue a new GFE. CP 79, ¶ 10. She has established the jeopardy element.

IQ appears to argue, however, that Bragg was fired not for refusing to issue the revised GFE, but for "continued insubordination." Br. of Resp't 13. This argument lacks merit. By definition, an employee who is "fired for refusing to commit an illegal act," *Rose*, 184 Wn.2d at 287, will *always* be insubordinate.[6] Insubordination is the refusal to follow an order.

[6] IQ may be arguing that Bragg was insubordinate because she disobeyed an order to commit a lawful act. That argument is misplaced, however, because it goes to the clarity element—i.e., it goes to whether the act that Bragg was ordered to do violated a

But if the order demands that the employee commit an unlawful act, and the employee refuses the order and is then fired, the employer cannot defend itself merely by labeling the employee's refusal "insubordination." *See Ellis v. City of Seattle*, 142 Wn.2d 450, 464, 13 P.3d 1065 (2000) (allowing a claim of wrongful discharge against public policy to proceed to trial, even though the employee was fired for "gross insubordination"). If that excuse were accepted, it would eviscerate the tort of discharge against public policy.

IQ also appears to argue that the jeopardy element is not satisfied because IQ looked into Bragg's concerns about issuing a revised GFE, and then concluded that it would be lawful to issue it. Br. of Resp't 13. In fact, however, IQ decided to *ignore* warnings that a revised GFE would be unlawful. The consulting firm that IQ had hired for compliance issues instructed Bragg that issuing a revised GFE "would be against" RESPA. CP 79, ¶ 7. IQ knew, then, that issuing a revised GFE jeopardized its compliance with RESPA. *See* CP 79, ¶ 8 (testifying that IQ decided to "take the business risk"). And IQ points to no precedent allowing a Washington employer to order an employee to commit an act that is unlawful as an objective matter of law, so long as the employer has

---

clear public policy—rather than to the jeopardy element. And, in any event, Bragg has already explained why IQ's order to issue a revised GFE was an order to commit an unlawful act.

performed some kind of investigation before issuing the order. Indeed, precedent points in the opposite direction. What matters under the case law—as IQ itself points out—is not whether somebody *believed* an action was lawful or unlawful, but whether the action *actually is* unlawful. *See Bott v. Rockwell Int'l*, 80 Wn. App. 326, 336, 908 P.2d 909 (1996) (cited by Br. of Resp't 10–11). And this standard make sense. When a public policy is actually violated and the employee is fired for resisting that violation, public policy is inherently put in jeopardy. *See Rose*, 184 Wn.2d at 284 ("[W]here there is a direct relationship between the employee's conduct and the public policy, the employer's discharge of the employee for engaging in that conduct inherently implicates the public policy.").

Next, IQ contends that issuing a revised GFE did not jeopardize RESPA because it could have refunded the $5,000 mortgage insurance 30 days after settlement, even after unlawfully issuing a revised GFE that included that insurance charge. Br. of Resp't 14. This contention is incorrect in at least two different ways.

First, IQ's argument forgets that issuing a revised GFE *in itself* violated the law. RESPA made it unlawful for IQ to issue a revised GFE with the new mortgage-insurance charge. *See supra* Argument in Reply, § I. And RESPA prohibited IQ from doing this because RESPA's purpose is to provide consumers with "more timely information on the nature and costs of the settlement process" and "more effective advance disclosure . . . of settlement costs." 12 U.S.C. § 2601(a), (b)(1). The prohibition against issuing a revised GFE—and the underlying purpose of timely disclosure—would have been violated even if IQ had later refunded the mortgage-insurance payment to the borrower. By refusing to issue a new GFE, Bragg was vindicating both the letter and the spirit of RESPA.

Second, IQ's argument ignores reality: If it could lawfully issue a revised GFE, it also had no obligation to refund the mortgage-insurance charge added to the revised GFE. According to IQ, it was allowed to issue a revised GFE because of "changed circumstances." Br. of Resp't 7. If that were true, however, IQ would *also* not be "bound . . . to the settlement charges and terms listed" in the initial GFE. 12 C.F.R. § 1024.7(f). It thus could force the borrower to pay the $5,000 in mortgage insurance that it added to the revised GFE. In other words, because RESPA links the ability to issue a revised GFE with the ability to charge additional settlement costs, IQ's decision to issue a revised GFE with extra costs inherently jeopardized the borrower's right to be refunded those settlement costs. Not surprisingly, then, IQ has submitted no evidence that it would have refunded the mortgage insurance to the borrower even though it had already provided the borrower with a revised GFE that included that insurance.

Finally, IQ insists that it committed nothing "more than a technical error." Br. of Resp't 15. IQ is demonstrably wrong. The mortgage-insurance charge missing from the initial GFE and added to the revised GFE was large—approximately $5,000. CP 79, ¶ 5. This was no *de minimis* charge. A factfinder would be more than justified in inferring that an extra $5,000 in settlement costs would indeed "have surprised the buyer with hidden fees." Br. of Resp't 16.

III. Bragg has established the other element of her wrongful-discharge claim—an element that IQ does not contest on appeal.

Bragg has also created a genuine issue of material fact on causation, the third element of her claim. Her testimony establishes that she was fired for refusing to issue a revised GFE. CP 79, ¶ 10. Indeed, although it calls that refusal an "inability to effectively work with" her manager, Martina Valentine, IQ does not dispute that Bragg was fired for refusing to issue a revised GFE and for instructing her subordinates not to issue it. CP 63, ¶ 16; *see also* CP 63, ¶¶ 12-13. Bragg has thus established a causal link between her refusal to commit an illegal act and her termination.[7]

[7] An employer bears the burden of proving the fourth element of Bragg's claim, namely "an overriding justification for the dismissal." *Gardner*, 128 Wn.2d at 941. IQ has not articulated any such justification, beyond simply contending that issuing the revised GFE was lawful.

IV. Bragg's declaration was sufficient to withstand summary judgment.

Bragg submitted a 14-paragraph declaration in opposition to IQ's motion for summary judgment. Bragg made her declaration "from her own personal knowledge," CP 78, ¶ 1, declared that it was true to the best of her knowledge and belief, and acknowledged that the declaration subjected her to "penalty for perjury," CP 80. Bragg signed the declaration electronically:

> Respectfully submitted,
>
> By: /s/ Christina Bragg
> Christina R. Bragg

CP 80. IQ now argues that Bragg's declaration was formally insufficient to create a genuine issue of fact. According to IQ, an "electronically signed declaration is not admissible as a sworn statement." Br. of Resp't 17 (citing RCW 9A.72.085). IQ is incorrect.

Bragg's electronic signature was sufficient to make her declaration admissible. The statute governing declarations provides that a person may sign a declaration by "[a]ttaching or logically associating his or her digital signature or electronic signature as defined in RCW 19.34.020 to the document." RCW 9A.72.085(3)(b). Here, Bragg "[a]ttach[ed] or logically associat[ed]" her electronic signature to the document by including the "/s/" symbol and using a word processor to type her name. That typed name, moreover, qualified as an "electronic signature" under RCW 19.34.020, which defines the term as "a signature in electronic form attached to or logically associated with an electronic record."[8] RCW 19.34.020(14).

If Bragg's electronic signature were not enough, the statute governing declarations also says that a declarant can sign a declaration by "[a]ffixing or placing his or her signature as defined in RCW 9A.04.110 on the document." RCW 9A.72.085(3)(a). A "signature," as defined in RCW 9A.04.110, "includes any memorandum, mark, or sign made with intent to authenticate any instrument or writing, or the subscription of any person thereto," RCW 9A.04.110(24)—a definition that is easily satisfied by the electronic marks that Bragg inserted in her declaration.

IQ also attacks Bragg's declaration as conclusory. Br. of Resp't 17. To the extent IQ is attacking Bragg's legal conclusions—for example, her conclusion that issuing a revised GFE violated RESPA, *see id.*—its attack is irrelevant. Whether IQ violated RESPA is a question of law as to which Bragg's declaration is beside the point. *See Roberts v. Dudley*, 140 Wn.2d 58, 65, 993 P.2d 901 (2000) (noting that the clarity element presents a

---

[8] An "electronic record" refers to "a record generated, communicated, received, or stored by electronic means for use in an information system or for transmission from one information system to another." RCW 19.34.020(13). This definition is satisfied by the computer-created declaration that Bragg submitted and that exists as its own electronic file and part of other electronic files, such as the Clerk's Papers.

question of law). To the extent IQ is attacking Bragg's testimony that she was fired for refusing to issue a new GFE, *see* Br. of Resp't 17, that attack is meritless. Bragg's declaration on this point contains not broad conclusions, but specific facts. The declaration avers that Bragg was asked to issue a new GFE with a new $5,000 charge for mortgage insurance, CP 78–79, ¶ 5; that she concluded issuance would violate RESPA, CP 79, ¶ 6; that she refused to issue the new GFE and instructed her staff not to issue it, *see* CP 79, ¶ 9; and that she was fired for refusing to issue it, *see* CP 79, ¶ 10. This particularized testimony is admissible.

CONCLUSION

Bragg has established a prima facie case that IQ fired her in violation of public policy. The trial court's summary judgment of dismissal should be reversed and this case should be remanded for further proceedings, with costs on appeal awarded to Bragg.

RESPECTFULLY SUBMITTED this 12th day of December, 2016.

KELLER ROHRBACK L.L.P.

By ______________________
Benjamin Gould, WSBA #44093
Attorney for Appellant
Christina R. Bragg

FILED
COURT OF APPEALS
DIVISION II

2016 DEC 13 AM 10: 31

STATE OF WASHINGTON

BY AP
DEPUTY

DECLARATION OF SERVICE

The undersigned declares and states as follows:

1. I am a citizen of the United States and a resident of Lynnwood, Washington; I am over the age of eighteen years and not a party to the within action; my business address is Keller Rohrback L.L.P., 1201 Third Avenue, Suite 3200, Seattle, WA 98101.

2. I caused to be served upon the below parties the CORRECTED REPLY BRIEF OF APPELLANT.

Catharine Morisset
Rochelle Nelson
FISHER & PHILLIPS LLP
1201 Third Avenue, Suite 2750
Seattle, WA 98101

Attorneys for Respondent

__X__ VIA LEGAL MESSENGER

DATED: December 12, 2016, at Seattle, WA.

Cathy A. Hopkins

Cathy A. Hopkins
Legal Assistant/Paralegal

APPENDIX

BUREAU OF CONSUMER FINANCIAL PROTECTION

12 CFR Parts 1024 and 1026

[Docket No. CFPB–2012–0028]

RIN 3170–AA19

Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth In Lending Act (Regulation Z)

AGENCY: Bureau of Consumer Financial Protection.

ACTION: Final rule; official interpretation.

SUMMARY: Sections 1098 and 1100A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) direct the Bureau to publish rules and forms that combine certain disclosures that consumers receive in connection with applying for and closing on a mortgage loan under the Truth in Lending Act and the Real Estate Settlement Procedures Act. Consistent with this requirement, the Bureau is amending Regulation X (Real Estate Settlement Procedures Act) and Regulation Z (Truth in Lending) to establish new disclosure requirements and forms in Regulation Z for most closed-end consumer credit transactions secured by real property. In addition to combining the existing disclosure requirements and implementing new requirements imposed by the Dodd-Frank Act, the final rule provides extensive guidance regarding compliance with those requirements.

DATES: The rule is effective August 1, 2015.

FOR FURTHER INFORMATION CONTACT: David Friend, Jane Gao, Eamonn K. Moran, Nora Rigby, Michael Scherzer, Priscilla Walton-Fein, Shiri Wolf, Counsels; Richard B. Horn, Senior Counsel & Special Advisor, Office of Regulations, Consumer Financial Protection Bureau, 1700 G Street NW., Washington, DC 20552 at (202) 435–7700.

SUPPLEMENTARY INFORMATION:

I. Summary of the Final Rule

A. Background

For more than 30 years, Federal law has required lenders to provide two different disclosure forms to consumers applying for a mortgage. The law also has generally required two different forms at or shortly before closing on the loan. Two different Federal agencies developed these forms separately, under two Federal statutes: the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act of 1974 (RESPA). The information on these forms is overlapping and the language is inconsistent. Not surprisingly, consumers often find the forms confusing. It is also not surprising that lenders and settlement agents find the forms burdensome to provide and explain.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) directs the Bureau to integrate the mortgage loan disclosures under TILA and RESPA sections 4 and 5.[1] Section 1032(f) of the Dodd-Frank Act mandated that the Bureau propose for public comment rules and model disclosures that integrate the TILA and RESPA disclosures by July 21, 2012.[2] The Bureau satisfied this statutory mandate and issued a proposed rule and forms on July 9, 2012 (the TILA–RESPA Proposal or the proposal).[3] To accomplish this, the Bureau engaged in extensive consumer and industry research, analysis of public comment, and public outreach for more than a year. After issuing the proposal, the Bureau conducted a large-scale quantitative validation study of its integrated disclosures with 858 consumers, which concluded that the Bureau's integrated disclosures had on average statistically significant better performance than the current disclosures under TILA and RESPA. The Bureau is now finalizing a rule with new, integrated disclosures (the TILA–RESPA Final Rule or the final rule).[4] The final rule also provides a detailed explanation of how the forms should be filled out and used.

The first new form (the Loan Estimate) is designed to provide disclosures that will be helpful to consumers in understanding the key features, costs, and risks of the mortgage for which they are applying. This form will be provided to consumers within three business days after they submit a loan application. The second form (the Closing Disclosure) is designed to provide disclosures that will be helpful to consumers in understanding all of the costs of the transaction. This form will be provided to consumers three business days before they close on the loan.

The forms use clear language and design to make it easier for consumers to locate key information, such as interest rate, monthly payments, and costs to close the loan. The forms also provide more information to help consumers decide whether they can afford the loan and to compare the cost of different loan offers, including the cost of the loans over time.

In developing the new Loan Estimate and Closing Disclosure forms, the Bureau has reconciled the differences between the existing forms and combined several other mandated disclosures, such as the appraisal notice under the Equal Credit Opportunity Act and the servicing application disclosure under RESPA. The Bureau also has responded to industry complaints of uncertainty about how to fill out the existing forms by providing detailed instructions on how to complete the new forms.[5] This should reduce the burden on lenders and others in preparing the forms in the future.

B. Scope of the Final Rule

The final rule applies to most closed-end consumer mortgages. It does not apply to home equity lines of credit, reverse mortgages, or mortgages secured by a mobile home or by a dwelling that is not attached to real property (in other words, land). The final rule also does not apply to loans made by a creditor who makes five or fewer mortgages in a year.[6]

C. The Loan Estimate

The Loan Estimate form replaces two current Federal forms. It replaces the Good Faith Estimate designed by the Department of Housing and Urban Development (HUD) under RESPA and

---

[1] Dodd-Frank Act sections 1098 & 1100A, codified at 12 U.S.C. 2603(a) & 15 U.S.C. 1604(b), respectively.

[2] 12 U.S.C. 5532(f).

[3] *See* Press release, U.S. Bureau of Consumer Fin. Prot., *Consumer Financial Protection Bureau proposes "Know Before You Owe" mortgage forms* (July 9, 2012), available at *http://www.consumerfinance.gov/pressreleases/consumer-financial-protection-bureau-proposes-know-before-you-owe-mortgage-forms/*; *see also* Blog post, U.S. Bureau of Consumer Fin. Prot., *Know Before You Owe: Introducing our proposed mortgage disclosure forms* (July 9, 2012), available at *http://www.consumerfinance.gov/blog/know-before-you-owe-introducing-our-proposed-mortgage-disclosure-forms/*.

[4] See part III below for a discussion of the Bureau's qualitative testing of prototypes of the forms with more than 100 consumers, lenders, mortgage brokers, and settlement agents before issuing the proposal and its quantitative testing of the forms with 858 consumers across the country. This part also describes the Bureau's outreach efforts, including the panel convened by the Bureau to examine ways to minimize the burden of the proposed rule on small businesses, as well as the Bureau's handling of the over 2,800 public comments the Bureau received during the public comment period that followed the issuance of the proposal and other information on the record.

[5] This guidance is provided in the regulations and the Official Interpretations, which are in Supplement I.

[6] For additional discussion of the scope of the final rule, see part V below regarding § 1026.19, Coverage of Integrated Disclosure Requirements.

revised to reflect cost increases due to a changed circumstance or borrower-requested changes. In this regard rule mirrors current Regulation X.

The Bureau does not believe that optional services chosen by the consumer should be exempt from the good faith requirement. As discussed above, both RESPA and TILA establish good faith requirements related to closing costs, which includes optional services chosen by the consumer. In response to concerns raised by the industry trade association representing community associations, the Bureau has adjusted comment 19(e)(3)(iii)–1 to clarify that the "reasonably available" standard in § 1026.19(e)(3)(iii) means that the estimate for a charge subject to § 1026.19(e)(3)(iii) was obtained by the creditor through due diligence. As applied to community association assessments, this means that the creditor normally may rely on the representations of the consumer or seller. The Bureau notes that this "reasonably available" standard is the same "reasonably available" standard for estimated disclosures set forth in comment 17(c)(2)(i)–1 of Regulation Z, and thus, final comment 19(e)(3)(iii)–1 contains a reference to comment 17(c)(2)(i)–1.

Finally, as noted above, a number of the commenters sought clarification on various other aspects of the proposal. As is currently the case under Regulation X, final § 1026.19(e)(3)(iii) provides that property insurance premiums are included in the category of settlement charges not subject to a tolerance, whether or not the insurance provider is a lender affiliate. The final rule also mirrors current Regulation X in that property insurance premiums, property taxes, homeowner's association dues, condominium fees, and cooperative fees are subject to tolerances whether or not they are placed into an escrow, impound, reserve, or similar account.

On the question of whether proposed § 1026.19(e)(3)(iii) would have included fees paid to service providers that were not listed on the written list of service providers set forth in § 1026.19(e)(1)(vi)(C), comment 19(e)(3)(iii)–2 provides guidance on this question. With respect to the question whether proposed § 1026.19(e)(3)(iii) would have included fees paid to lender affiliates for an optional settlement service, charges for third-party services not required by the creditor (other than owner's title insurance) are not subject to a tolerance category, even if a lender affiliate provides them. The Bureau recognizes that this position may appear to be at odds with the general treatment of affiliate fees. However, the Bureau believes that the optional nature of such services means that consumers may decide not to purchase these services later in the origination process, or choose a provider that offers a better price for the service. The Bureau believes that these factors distinguish fees paid to affiliates for optional services from fees paid to affiliates for lender-required services. Accordingly, the Bureau believes that it is not necessary to subject fees paid to affiliates for optional services to zero tolerance. However, the Bureau expects to closely monitor the implementation of this final rule, including § 1026.19(e).

19(e)(3)(iv) Revised Estimates

Regulation X § 1024.7(f) currently provides that the estimates included on the RESPA GFE are binding, subject to six exceptions. The Bureau proposed to incorporate § 1024.7(f) in § 1026.19(e)(3)(iv), which would have provided that, for purposes of determining good faith under § 1026.19(e)(3)(i) and (ii), a charge paid by or imposed on the consumer may exceed the originally estimated charge if the revision is caused by one of the six reasons identified in § 1026.19(e)(3)(iv)(A) through (F). Proposed comment 19(e)(3)(iv)–1 would have clarified the general requirement of § 1026.19(e)(3)(iv). The Bureau stated in the proposal that it agreed that there would be certain situations that could legitimately cause increases over the amounts originally estimated, and that the regulations should provide a clear mechanism for providing revised estimates in good faith. Consistent with current Regulation X,[208] proposed comment 19(e)(3)(iv)–2 would have clarified that, to satisfy the good faith requirement, revised estimates may increase only to the extent that the reason for revision actually caused the increase and would have provided an illustrative example of this requirement. Proposed comment 19(e)(3)(iv)–3 would have clarified the documentation requirements related to the provision of revised estimates. Regulation X § 1024.7(f) contains a separate regulatory provision related to documentation requirements. The Bureau stated in the proposal that it believed that this requirement would have been encompassed within the requirements the Bureau proposed in § 1026.25 with respect to recordkeeping. The proposed comment would have clarified that the creditors must retain records demonstrating compliance with the requirements of § 1026.19(e) in order to comply with § 1026.25. The proposed comment would have also provided illustrative examples.

A mortgage broker commenter asserted that the Bureau should expand the categories of valid reasons for revisions to include mistakes made by mortgage brokers. The Bureau has considered the comment but believes that mistakes made by the mortgage broker should not be included among the valid reasons for a settlement charge to exceed the amount originally estimated for the charge. As a general matter, errors are not a basis for revising Loan Estimates, and the Bureau does not believe that mortgage broker errors should be treated differently than other errors.

A community bank commenter stated that the Bureau should clarify that creditors are permitted to provide updated disclosures to borrowers anytime, even though the change is an increase beyond the applicable tolerance threshold. In consideration of this comment, the Bureau has revised proposed § 1026.19(e)(3)(iv) and comment 19(e)(3)(iv)–1. The Bureau believes that the revisions will clarify that § 1026.19(e)(3)(iv) does not prohibit a creditor from providing updated disclosures. Rather, § 1026.19(e)(3)(iv) provides an exception to the general rule in § 1026.19(e)(3)(i) and (ii) that a charge paid by or imposed on the consumer must be compared to the amount in the original Loan Estimate.

As adopted, § 1026.19(e)(3)(iv) provides that for purposes of determining good faith under § 1026.19(e)(3)(i) and (ii), a creditor may use a revised estimate of a charge instead of the amount originally disclosed under § 1026.19(e)(1)(i) if the revisions is due to one of the reasons set forth in § 1026.19(e)(3)(iv)(A) through (F). Comment 19(e)(3)(iv)–1 explains that § 1026.19(e)(3)(iv) provides the exception to the rule that pursuant to § 1026.19(e)(3)(i) and (ii), good faith is determined by calculating the difference between the estimated charges originally provided under § 1026.19(e)(1)(i) and the charges paid by or imposed on the consumer. It clarifies that pursuant to § 1026.19(e)(3)(iv), for purposes of determining good faith under § 1026.19(e)(3)(i) and (ii), the creditor may use a revised estimate of a charge instead of the amount originally disclosed under § 1026.19(e)(1)(i) if the revision is due to one of the reasons set forth in § 1026.19(e)(3)(iv)(A) through (F). Comments 19(e)(3)(iv)–2 and –3 are adopted as proposed.

[208] *See* § 1024.7(f)(1), (2), (3), and (5).

19(e)(3)(iv)(A) Changed Circumstance Affecting Settlement Charges

In general. Section 1024.7(f)(1) of Regulation X currently provides that a revised RESPA GFE may be provided if changed circumstances result in increased costs for any settlement service such that charges at settlement would exceed the tolerances for those charges. The Bureau proposed § 1026.19(e)(3)(iv)(A), which would have also provided that a valid reason for re-issuance exists when changed circumstances cause estimated charges to increase or, for those charges subject to § 1026.19(e)(3)(ii), cause the sum of all such estimated charges to increase by more than ten percent. Proposed comment 19(e)(3)(iv)(A)–1 would have provided further explanation of this requirement and would have included several examples. The Bureau stated in the proposal its belief that creditors should be able to provide revised estimates if certain situations occur that increase charges.

Changed circumstance. Section 1024.2 in current Regulation X generally defines changed circumstances as information and events that warrant revision of the estimated amounts included on the RESPA GFE. The Bureau proposed a similar definition, but with certain changes to address feedback that it had received suggesting that there was confusion about the Regulation X definition. Thus, the Bureau proposed in § 1026.19(e)(3)(iv)(A) to define a changed circumstance as: (1) An extraordinary event beyond the control of any interested party or other unexpected event specific to the consumer or transaction; (2) information specific to the consumer or transaction that the creditor relied upon when providing the disclosures and that was inaccurate or subsequently changed; or (3) new information specific to the consumer or transaction that was not relied on when providing the disclosures.

This proposed definition, most significantly, would have omitted the fourth prong of the existing definition of changed circumstances: "[o]ther circumstances that are particular to the borrower or transaction, including boundary disputes, the need for flood insurance, or environmental problems." The Bureau suggested in the proposal that the items listed in the fourth prong were already covered by other elements of the definition and questioned whether the overlap had contributed to the industry uncertainty surrounding what scenarios constitute a changed circumstance under the current definition of changed circumstances in Regulation X. The Bureau sought comment on whether its proposed definition of changed circumstances was appropriate, and specifically on whether there are scenarios that should be considered a changed circumstance that would not be captured under any of the three prongs set forth in the proposed definition.

Proposed comment 19(e)(3)(iv)(A)–2 would have provided additional elaboration on the proposed definition and would have provided several examples of changed circumstances. Proposed comment 19(e)(3)(iv)(A)–3 would have explained how the definition of application under § 1026.2(a)(3) relates to the definition of changed circumstances under § 1026.19(e)(3)(iv)(A). The proposed comment would have explained that although a creditor is not required to collect the consumer's name, monthly income, or social security number to obtain a credit report, the property address, an estimate of the value of the property, or the mortgage loan amount sought, for purposes of determining whether an estimate is provided in good faith under § 1026.19(e)(1)(i), a creditor is presumed to have collected these six pieces of information. The proposed comment would have further explained that if a creditor provides the disclosures required by § 1026.19(e)(1)(i) prior to receiving the property address from the consumer, the creditor could not subsequently claim that the receipt of the property address was a changed circumstance, under § 1026.19(e)(3)(iv)(A) or (B).

Industry commenters had mixed reactions to the Bureau's proposed definition of changed circumstances. A regional bank holding company commenter and a community bank commenter stated that they supported the proposed definition. In contrast, a company that performs compliance training and consulting services to credit unions stated that the Bureau should not change the current definition of changed circumstances because the change is not required by the Dodd-Frank Act. The commenter also asserted that changing the definition of changed circumstances would result in an extended implementation period. A national provider of title insurance and settlement services stated that the Bureau should conduct more research as to the most common changed circumstances that occur in transactions that would be subject to § 1026.19(e) and (f).

Some commenters, including an industry trade association representing Federally-chartered credit unions, objected to the Bureau's proposal to omit the fourth prong in the current definition of changed circumstances. The commenters expressed concern that the elimination of the fourth prong meant that situations such as boundary disputes, which are included as instances of changed circumstances under the current definition, would not be included under the Bureau's final rule. However, this commenter also asserted that the Bureau should provide additional guidance on what scenarios would be included in the fourth prong of the definition of changed circumstances if it retains the fourth prong in the final rule.

Several industry trade association commenters asserted that the Bureau should expand the definition of "changed circumstances." Industry trade association commenters representing banks and mortgage lenders asserted that the Bureau should treat the scenario of a loan exceeding the points and fees thresholds for a qualified mortgage, HOEPA loan, or a qualified residential mortgage as a changed circumstance. In the alternative, they asserted that the Bureau should allow the creditor to deny the loan when the applicable threshold has been exceeded. An industry trade association representing Federally-charted credit unions asserted that the proposed definition of changed circumstances should be expanded to include situations where the consumer increases the down payment amount because it is very likely that settlement charges will change as a result of the increase in the down payment amount. The commenter also stated that changed circumstances should include situations where the seller changes a condition that would result in a change to estimated costs disclosed on the Loan Estimate.

Several industry commenters urged the Bureau to change the proposed definition of changed circumstances so that the term "unexpected event" is understood to mean an "unexpected event" from the creditor's point of view. Most of the commenters asserted that the change would reduce the incentive for the consumer to withhold information. Additional commenters requested clarification with respect to the term "interested party," asserting that such clarification was necessary so that the creditor is not responsible for matters under the control of other parties.

A State bankers association also requested guidance on whether a change to the loan amount or monthly payment would be considered a changed circumstance, if it does not result in a cost increase or in the APR becoming inaccurate. The commenter reported that its members have been advised by their regulators to reissue the RESPA GFE in such circumstances and asserted that this guidance has resulted in compliance burden.

A large bank commenter expressed concern that proposed § 1026.19(e)(3)(iv)(A) would not permit a creditor to reset estimates for purposes of the good faith analysis under § 1026.19(e)(3)(ii) unless the aggregate amount of all such charges increased by more than ten percent due to a changed circumstance. The commenter also observed that the current definition of changed circumstances sets forth what situations are not considered changed circumstances. The commenter sought clarification on whether creditors may assume that situations that are not changed circumstances under the current definition of changed circumstances would be considered changed circumstances under the proposed definition.

Lastly, a large bank commenter stated that the Bureau must provide additional clarity on whether it plans to issue guidance on changed circumstances that is similar to the HUD RESPA FAQs, or if the Bureau plans to adopt the HUD RESPA FAQs that address changed circumstances. The commenter stated that the HUD RESPA FAQs were critical to creditors' ability to establish compliance programs. Similarly, a software vendor commenter requested that the Bureau clarify whether the HUD RESPA FAQs on changed circumstances would still be valid after this rule is finalized.

Final Rule

The Bureau has considered the comments, and is adopting § 1026.19(e)(3)(iv)(A) and comments 19(e)(3)(iv)(A)–1 through 3 substantially as proposed, with revisions to enhance clarity. For the reasons stated below, the Bureau does not believe that the comments warrant material changes to proposed § 1026.19(e)(3)(iv)(A). The Bureau believes that the final rule clearly indicates that unless a scenario falls under one of the three prongs listed under the definition of changed circumstances, the scenario is not a changed circumstance. The Bureau recognizes that the current definition of changed circumstance sets forth both scenarios that are changed circumstances and those that are not.[209] The Bureau believes that this is a confusing formulation, and the Bureau's approach makes the meaning of changed circumstances clearer. But the Bureau agrees that there is value in explaining what changed circumstances do not include, and notes that for purposes of Regulation Z, explanations and clarifications are generally set forth in the official staff commentary to Regulation Z. The Bureau is taking this approach. For example, comment 19(e)(3)(iv)(A)–3 explains that a creditor may not claim that a changed circumstance has occurred if it provides the Loan Estimate pursuant to § 1026.19(e)(1)(i) without collecting any of the six items of information that make up the definition of application. This reflects the current understanding of which scenarios are not changed circumstances.[210]

The Bureau also believes that it is appropriate to adjust the current definition of changed circumstances, notwithstanding the assertion that the Bureau should not change the current definition of changed circumstances because it is not required by the Dodd-Frank Act. The fact that an industry trade association representing Federally-chartered credit unions requested additional guidance on the current definition supports the Bureau's belief that there is industry uncertainty surrounding what constitute a changed circumstance. The Bureau does not believe that the changes this final rule makes to the current definition of changed circumstances would result in an extended implementation period because the Bureau believes that the most significant change—the elimination of the fourth prong—is a change to streamline the current definition without narrowing the scope of changed circumstances. The Bureau also does not believe that additional research is needed on changed circumstances because the Bureau believes that the most common scenarios that should be considered a changed circumstance are encompassed in the final definition.

The Bureau also declines to retain the fourth prong in the current definition of changed circumstances in the final rule. The Bureau believes that the final rule encompasses the scenarios that are currently addressed by the fourth prong. Comment 19(e)(3)(iv)(A)–2 provides an example of how a boundary dispute is considered a changed circumstance.

The Bureau recognizes that creditors are incented not to make loans that exceed the points and fees thresholds for qualified mortgages, HOEPA loans, or qualified residential mortgages. If a changed circumstance causes the loan to exceed the application threshold, then the creditor has a legitimate basis for revision. However, the Bureau does not believe that the fact that the event occurred is, by itself, a changed circumstance. A loan may exceed the threshold because of mistakes that the creditor made in the points and fees calculation. As stated elsewhere in the section-by-section analysis of § 1026.19(e), creditor errors are not legitimate reasons for revising Loan Estimates. The Bureau also believes that it is not necessary to specifically provide that a creditor may deny a loan once the applicable points and fees threshold has been exceeded because the Loan Estimate is not a loan commitment. However, the Bureau reminds creditors that Regulation B contains requirements that apply when the creditor denies a consumer's loan application.

In response to the assertion that the definition of changed circumstances should include a scenario where the consumer increases the down payment amount, the Bureau believes that to the extent that the act of increasing the down payment amount actually increased settlement charges subject to the tolerance rules beyond the applicable tolerance, then the scenario would be considered a valid reason for re-issuance under § 1026.19(e)(3)(iv)(C), which the Bureau is adopting as proposed for reasons discussed below. Additionally, the Bureau believes that scenarios where the seller changes a condition that would result in a change to estimated costs disclosed on the Loan Estimate, are encompassed within the definition of changed circumstances.

With respect to the argument that the Bureau should change the proposed definition of changed circumstances so that the term "unexpected event" is understood to mean an "unexpected event" from the creditor's point of view because the modification would reduce the incentive for the consumer to withhold information, the Bureau declines. As illustrated in comment 19(e)(3)(iv)(A)–2, the term "unexpected event" is meant to encompass scenarios that involve changes that take place after the original Loan Estimate has been provided to the consumer. The consumer would not be able to withhold information about events that have not occurred.

The Bureau declines to clarify the term "interested party." The Bureau believes that the term "interested party" should be interpreted broadly because mortgage loan transactions are complex and affect the interests of many parties. For example, the local government entity in which the property is located can be considered an interested party

[209] 12 CFR 1024.2(b).

[210] *Id.*

because the government entity has an interest in the transfer taxes that would be collected upon the consummation of the transaction. Further, with respect to the assertion that clarifying the term "interested party" is necessary to ensure that the creditor is not responsible for matters under the control of other parties, the Bureau believes adopting this position would undermine § 1026.19(e)(1)(ii), which provides that the creditor is responsible for ensuring that a mortgage broker complies with § 1026.19(e) when the mortgage broker provides the disclosures required by § 1026.19(e). The Bureau also believes that this position contradicts the tolerance rules, which makes creditors responsible for providing reliable estimates of costs under the control of other parties, such as third-party settlement service providers and government jurisdictions.

The Bureau believes that whether a change to the loan amount or monthly payment would be considered a changed circumstance depends on whether the reason for the change is a scenario that is described in one of the three prongs of the definition of changed circumstances.

The Bureau declines to change the proposed rule such that each occurrence of a changed circumstance becomes an opportunity for a creditor to reset the estimates used for the good faith analysis under § 1026.19(e)(3)(ii). Limiting legitimate reasons for revisions for charges subject to the ten percent tolerance rule to situations where the changed circumstance causes the aggregate amount of all such charges to increase by more than ten percent is the current rule under Regulation X and the Bureau's intention. Otherwise, if a creditor is allowed to reset the estimate used for the good faith analysis under § 1026.19(e)(3)(ii) every time there is a changed circumstance, it weakens the ten percent tolerance rule. Finally, with respect to the status of the HUD RESPA FAQs that address changed circumstances, the final rule will replace the HUD RESPA FAQs with respect to transactions subject to § 1026.19(e), (f), and (g). But with respect to transactions currently subject to Regulation X, but will not be subject to § 1026.19(e), (f), and (g), the HUD RESPA FAQs will continue to apply. Accordingly, HUD RESPA FAQs, instead of the final rule, will continue to apply to reverse mortgage transactions and federally related mortgage loans made by persons that are not "creditors" under Regulation Z.

19(e)(3)(iv)(B) Changed Circumstance Affecting Eligibility

Section 1024.7(f)(2) of Regulation X currently provides that a revised RESPA GFE may be provided if a changed circumstance affecting borrower eligibility results in increased costs for any settlement service such that charges at settlement would exceed the tolerances for those charges. The Bureau proposed § 1026.19(e)(3)(iv)(B), which would have provided that a valid reason for reissuance exists when a changed circumstance affecting the consumer's creditworthiness or the value of the collateral causes the estimated charges to increase. Proposed comment 19(e)(3)(iv)(B)–1 would have explained the requirement and provided illustrative examples. The Bureau did not receive any comments on proposed § 1026.19(e)(3)(iv)(B). Accordingly, the Bureau is finalizing § 1026.19(e)(3)(iv)(B) and comment 19(e)(3)(iv)(B)–1 with minor revisions to enhance clarity.

19(e)(3)(iv)(C) Revisions Requested by the Consumer

Section 1024.7(f)(3) of Regulation X currently provides that a revised RESPA GFE may be provided if a borrower requests changes to the mortgage loan identified in the GFE that change the settlement charges or the terms of the loan. The Bureau incorporated this same concept in proposed § 1026.19(e)(3)(iv)(C), which would have provided that a valid reason for reissuance exists when a consumer requests revisions to the credit terms or the settlement that cause estimated charges to increase. Proposed comment 19(e)(3)(iv)(C)–1 would have illustrated this requirement with an example.

A law firm commenter asserted that it was unreasonable to require a creditor to provide revised disclosures even though the reason for the revision was due to a borrower-requested change. The Bureau has considered the comment but is finalizing § 1026.19(e)(3)(iv)(C) and comment 19(e)(3)(iv)(C)–1 as proposed because § 1026.19(e)(3)(iv)(C) reflects the current rule in Regulation X, § 1024.7(f)(3). Creditors should be able to comply with this requirement, because currently they are required to comply with an identical requirement (§ 1024.7(f)(3)) under Regulation X.

19(e)(3)(iv)(D) Interest Rate Dependent Charges

Section 1024.7(f)(5) of Regulation X provides that, if the interest rate has not been locked, or a locked interest rate has expired, the charge or credit for the interest rate chosen, the adjusted origination charges, per diem interest, and loan terms related to the interest rate may change. It also provides that when the interest rate is later locked, a revised RESPA GFE must be provided showing the revised interest rate-dependent charges and terms. The Bureau proposed to retain the same basic approach in proposed § 1026.19(e)(3)(iv)(D) and to illustrate the requirement with examples. The Bureau sought comment on the frequency and magnitude of revisions to the interest rate dependent charges, the frequency of cancellations of contractual agreements related to interest rate dependent charges, such as rate lock agreements, and the reasons for such revisions and cancellations. Although the Bureau ultimately proposed taking the same approach as the current regulation, it acknowledged in the proposal a number of concerns that it believed warranted careful monitoring of the market. While the Bureau acknowledged that several costs are affected by the consumer's rate and thus may fluctuate until that rate is locked, the Bureau expressed concern that the current provision in Regulation X could be used to harm consumers by engaging in rent-seeking behavior or attempting to circumvent the requirements of TILA or RESPA. However, the Bureau was unaware of any evidence that creditors were in fact using current Regulation X § 1024.7(f)(5) to harm consumers or to circumvent RESPA.

Comments

A State trade association commenter representing bankers stated that it believed that the regulatory text in proposed § 1026.19(e)(3)(iv)(D) with respect to when a creditor must provide the revised disclosures to the consumer when the interest rate is set was in conflict with the general redisclosure rule proposed in § 1026.19(e)(4)(i) because proposed § 1026.19(e)(3)(iv)(D) stated that the creditor must provide revised disclosures "on the date that the interest rate is reset," whereas the general redisclosure rule gave the creditor three business days to deliver the revised disclosures. The commenter also requested that the Bureau clarify whether redisclosure is necessary when the locking of the interest rate does not change the interest rate or cost estimates disclosed on the original Loan Estimate. Similarly, a community bank commenter asserted that if the interest rate is locked after the creditor has provided the original Loan Estimate, the creditor should be permitted to determine whether to provide redisclosures if there is no change to the

Is It Possible to Over-Redisclose?

WHAT WOULD YOU FIND if you took a look at a typical mortgage loan file at your bank (especially a purchase loan) and counted the number of Good Faith Estimates (GFEs) and preliminary Truth in Lending (TIL) disclosures? How many would you find? Three? Five? More? In some cases, banks have sent a dozen or more GFEs and early TILs to applicants before the loan closed. Why would this happen?

It's easy to understand. With lenders being under pressure to provide accurate information to consumers, it follows that when changes are made to a potential deal, new disclosures are in order. This is also an unfair, deceptive, or abusive acts or practices (UDAAP) concern: the applicant should have the most accurate picture of the loan's Annual Percentage Rate (APR) and fees before getting to the closing table. Anything else could be unfair or deceptive, right?

But think about reality for a minute. It's hard enough to get consumers to read and understand just one set of disclosures, much less multiple ones. After the third or fourth mailing they're likely entirely ignored. Is there such a thing as too much transparency?

It turns out the answer is yes. There are regulatory aspects to consider under Regulations X (Real Estate Settlement Procedures Act, or RESPA) and Z (Truth in Lending Act, or TILA). Many lenders handle issuing revised RESPA and Regulation Z disclosures in tandem, usually because of a single "trigger" event. Each and every change results in both a new GFE and early TIL. Here's why that's not such a good idea.

Regulation Z's rule is straightforward. "If a disclosure becomes inaccurate because of an event that occurs after the creditor delivers the required disclosures... new disclosures may be required." Disclosures are inaccurate if the APR becomes inaccurate: "if the annual percentage rate... becomes inaccurate... the creditor shall provide corrected disclosures with all changed terms." An "inaccurate" APR is one that

> **Providing applicants with exact and precise information about the loan is, of course, a good thing. But too many GFEs in a loan file could lead to examiners questioning your changed circumstance process.**

falls outside of Regulation Z's tolerance: "the [disclosed] annual percentage rate shall be considered accurate if it is not more than .125 of 1 percentage point above or below the [correct] annual percentage rate." Note that this tolerance jumps to .25 of 1 percentage point for what is called an "irregular" transaction, which is one with an irregular payment stream or other anomaly.

The short story here is that a lender must supply a revised early TIL disclosure if changes to the deal cause the APR to fall outside the tolerance. Note that this applies even if the revised APR is more than .125 of a percentage point *below* the initially-disclosed APR. From a UDAAP standpoint, you'd say the customer isn't harmed if he or she pays an APR lower than what was originally disclosed, but a literal reading means revised disclosures.

So what's the problem if a new GFE is always prepared and sent whenever a new TIL disclosure is provided? The issue is that RESPA permits a revised GFE to be provided only upon the occurrence of "changed circumstances," which is different than Regulation Z's APR tolerance standard. Under RESPA, the lender *may* provide a revised GFE only if there is a valid changed circumstance (the only situation where the lender *must* provide a revised GFE is in a situation where an applicant locks his or her rate). In all other situations it's optional, provided there is a changed circumstance. If the lender chooses not to provide a revised GFE, the lender would be "bound, within the tolerances provided in [RESPA] to the settlement charges and terms listed on the [original] GFE provided to the borrower."

So there's a strong incentive to prepare a revised GFE. RESPA's tolerances place settlement service costs into three categories: charges that may not change at all; charges that in the aggregate cannot exceed more than 10 percent of the amount disclosed on the GFE; and charges that are not restricted.

A detailed discussion on the particulars of "changed circumstances" would take up more space than is available here, but for our purposes in this discussion, a revised GFE is permitted when changed circumstances result from (among other reasons):

- Information particular to the borrower or transaction that was relied on in providing the original GFE and changes or is found to be inaccurate after the GFE has been provided; or
- New information particular to the borrower or transaction that was not relied on in providing the GFE comes to light.

HUD issued many FAQs on the topic (and until the Consumer Financial Protection Bureau rescinds or changes those FAQs, they may still be relied upon). The problem is that not every instance of a fee changing qualifies as a "changed circumstance." For example, the regulation deems that "market price fluctuations by themselves" are not changed circumstances. As well, changes that should have

been known by the lender at the time the original GFE was provided do not qualify.

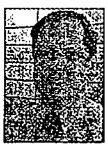
So what happens if the lender is made aware that certain settlement charges have increased after the original GFE was delivered? Or if a simple mistake was made and a change just wasn't caught in time? In these cases RESPA does not permit the lender to send a revised GFE. But what if the change increases the APR by more than .125 percentage points? A new early TIL disclosure would be in order, but not a revised GFE. Hence the problem—Regulation Z and RESPA do not have the same triggers when it comes to revised disclosures.

The flipside of this situation isn't as problematic. If the bank's trigger to provide revised early disclosures is a valid "changed circumstance," that takes care of the RESPA issue. And, if the bank's policy is to always provide a revised early TIL disclosure along with that GFE, that's all right since Regulation Z doesn't *prohibit* revised early disclosures, even if the APR doesn't move much. But could there be situations where the APR moves beyond the allowed tolerance (necessitating a revised early TIL), but the bank wouldn't have provided one since there wasn't a valid changed circumstance. It's possible.

Note also that Regulation Z mandates that "corrected disclosures with all changed terms" be provided. RESPA, on the other hand, allows only those fees impacted or related to the changed circumstance to be altered on the revised GFE. So even when both are rightfully provided, rules around their content and what may be changed differ.

Again, is all this a problem? Providing applicants with exact and precise information about the loan is, of course, a good thing. But too many GFEs in a loan file could lead to examiners questioning your changed circumstance process. You're either permitted to provide a revised GFE (except the required float-to-lock scenario) or you're not allowed to. Revised early TIL disclosures are a little more flexible, but the moral of the story is to decouple the Regulation Z triggers from those in RESPA when it comes to revised early mortgage loan disclosures.

ABOUT THE AUTHOR



CARL G. PRY, CRCM, CRP, is a senior director for Treliant Risk Advisors in Washington, D.C., where he advises clients on a wide variety of compliance, fair lending, corporate treasury, and risk management issues. Over the last 18 years, Pry has held senior leadership positions including senior vice president and compliance manager for the Compliance and Control Department at KeyBank in Cleveland, Ohio; vice president of regulatory services at Kirchman Corp. in Orlando, Fla.; and manager in the Finance and Performance Management Service Line at Accenture in Chicago, Ill. He also serves on the *ABA Bank Compliance* editorial advisory board. Reach him via email at **cpry@treliant.com** or by telephone at (440) 320-4662.

NewsRoom

9/1/12 Mortgage Banking 18
2012 WLNR 29791655

Mortgage Banking
Mortgage Bankers Association of America Sep 2012

September 1, 2012

Volume 72; Issue 12
Section: Inside the Beltway

Small-Business Lenders and Loan Officer Compensation

Michael McQuiggan

In May, I was fortunate to participate on the Mortgage Loan Origination Standards small business review panel convened by the Consumer Financial Protection Bureau (CFPB), which covered the topics of mortgage loan originator (MLO) compensation and qualifications. The Dodd-Frank Wall Street Reform and Consumer Protection Act requires CFPB to hold small business review panels, like this one, when their proposals have the potential to adversely impact small businesses.

I attended the panel with about two dozen lending executives from independent mortgage banks (including another member of the Mortgage Bankers Association [MBA]), community banks, credit unions, nonprofit lenders and mortgage brokers. As a small mortgage lender, my company faces unique challenges in recruiting and retaining qualified MLOs to ensure the provision of superior service and sustainable credit to consumers, and I was excited and honored to share my views with the CFPB.

The information the CFPB gave us to review wasn't a formal proposal, but rather a discussion outline. This distinction, however, did not make the attendees take the suggestions any less seriously. The CFPB's outline included significant changes to origination charges, discount points, price concessions, point banks, proxies, MLO qualifications and other policies. Changes in these areas would have a tremendous impact on my business and could make competition among lenders of various sizes unfair.

The CFPB issued its proposed mortgage loan originator rules just as this column was going to press, so we will know how it came out on some of these issues in the coming weeks. Here are my views on the three areas of the small business review panel outline that have received a lot of attention: origination charges, discount points and price concessions.

Origination charges

I truly appreciate the fact that the CFPB recognizes that the restrictions against upfront points and fees under Dodd-Frank may unduly constrain the mortgage market and harm consumers. Dodd-Frank arguably contains a complete prohibition against a consumer paying any upfront discount points and origination points or fees to a lender or brokerage if the lender or brokerage also pays the originator for the loan. The law fortunately provides authority for the CFPB to waive or provide exemptions from this restriction.

The exemption discussed in the proposed outline would only allow consumers to pay: 1) bona fide discount points that actually lower the loan rate; and 2) origination fees that are flat and do not vary with loan amount, if the loan originator is also paid for the transaction. The CFPB cited concern that borrowers confuse origination charges with discount points as the basis for requiring a flat fee.

At the meeting and subsequent conference calls, I explained that the costs of originating a mortgage are not arbitrary and that they are not static. I illustrated this in a follow-up letter I wrote to CFPB: The costs of originating a loan are not limited to the cost of loan officers, but also include underwriters and secondary market staff as well as building, equipment, technology services and other overhead costs that my company charges through origination fees that vary based on the amounts of borrowers' loans.

Switching to a business model where we only charge a flat fee for origination would force us to arrive at an average origination fee for all loans. This would result in lowerincome borrowers with smaller loan amounts subsidizing the loans of wealthier borrowers with higher loan amounts.

I also explained that a flat fee is not the way to address consumer confusion. Instead, I encouraged the CFPB to address this issue through the development of the new combined Real Estate Settlement Procedures Act (RESPA) and Truth and Lending Act (TILA) disclosure forms, which has since been proposed and is available for public comment.

It looks like our arguments regarding the flat fee have had some effect. While the proposed rule came out the day this column went to press, it is clear the CFPB has decided not to propose a flat origination fee. Rather, the proposed rule will allow a lender to charge discount points and origination fees as long as it also offers the consumer a no-point/no-fee loan.

Discount points

Another area where the CFPB is considering using its exemption authority is to allow the lender to compensate the loan officer where the discount points are bona fide, meaning they result in a minimum interest-rate deduction per point and the consumer has also been offered the option of a no-discount-point loan.

The proposal would define precisely what bona fide means. I explained at the meeting and in my letter that the term bona fide discount point must be clearly defined because the nature of the reduction can make it vary considerably, depending on such circumstances as the rate and the present value of the dollar at the time of origination.

It's important that CFPB not define it in such a way that a static amount of reduction must be applied in all cases. Moreover, the CFPB should ensure that the discount-point definition is consistent across its various rules - the ability-to-repay/Qualified Mortgage (QM) and Home Ownership and Equity Protection Act (HOEPA) - to avoid unnecessary and costly compliance burdens.

Price concessions

The CFPB is considering allowing loan officers to make price concessions to cover unanticipated increases in third-party settlement charges as long as the loan officer, lender or their affiliates do not control the settlement charges and the charges exceed or are in addition to the charges disclosed in the Good Faith Estimate (GFE). I pointed out that pricing concessions benefit consumers and, in certain cases, the loan officers by allowing them to keep the transaction going and close the deal.

MLOs should be allowed to make price concessions when they make calculation errors or other mistakes in the GFE. Under the current rules, a small business must simply absorb any costs from a loan officer's error, without any charge to the loan officer, and face the choice of whether or not to retain the loan officer's services going forward.

I believe loan officers should be able to offer price concessions to consumers with an offsetting reduction in their compensation for any unforeseen circumstances, including increases in third-party costs as well as unforeseen changes in loan terms resulting from such matters as appraisals or home inspections.

I look forward to reviewing the proposed rule and hope the CFPB has seriously considered the views of the participants on the panel, incorporated our recommendations on some policies and heeded our warning on others that would have unintended consequences for the very population they are mandated to protect.

I truly appreciate the fact that the CFPB recognizes that the restrictions against upfront points and fees under Dodd-Frank may unduly constrain the mortgage market and harm consumers.

Michael McQuiggan is managing partner of TriEmerald Financial Group in Lake Forest, California. He is chair of the Mortgage Bankers Association's (MBA's) Residential Loan Production Committee. He can be reached at mike.mcquiggan@triemerald.com.

---- Index References ----

Company: LAKE FOREST MINERALS INC

News Subject: (Business Management (1BU42); Small Business (1SM15))

Industry: (Banking (1BA20); Consumer Finance (1CO55); Financial Services (1FI37); Loans (1LO12); Mortgage Banking (1MO85); Retail Banking Services (1RE38))

Language: EN

Other Indexing: (TriEmerald Financial Group) (Michael McQuiggan) (United States--US)

Keywords: Mortgages; Reforms; Consumer protection

Word Count: 1165

End of Document

NewsRoom